

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
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BEVERLY EAVES PERDUE
GOVERNOR

July 12, 2011

The Honorable Thom Tillis
North Carolina House of Representatives
16 W. Jones Street, Room 2304
Raleigh, North Carolina 27601-1096

The Honorable Phil Berger
North Carolina Senate
16 W. Jones Street, Room 2008
Raleigh, North Carolina 27601-2808

The Honorable Paul Stam
North Carolina House of Representatives
16 W. Jones Street, Room 2301
Raleigh, North Carolina 27601-1096

The Honorable Joe Hackney
North Carolina House of Representatives
300 N. Salisbury Street, Room 612
Raleigh, North Carolina 27603-5925

The Honorable Harry Brown
North Carolina Senate
300 N. Salisbury Street, Room 300-B
Raleigh, North Carolina 27603-5925

The Honorable Martin L. Nesbitt, Jr.
North Carolina Senate
16 W. Jones Street, Room 1129
Raleigh, North Carolina 27601-2808

Dear General Assembly Leaders:

North Carolina must be committed to pursuing energy policies that create jobs, lower costs for families and businesses and reduce our dependence on foreign oil. In order to meet these objectives, we must simultaneously pursue multiple energy strategies. We will have to expand the production of natural gas and



July 12, 2011

Page 2

biofuels, increase fuel efficiency and speed up the development of cleaner sources of electricity, like wind, solar, clean coal and nuclear power.

Another strategy that we should pursue—so long as it's done safely and in an environmentally responsible way—is offshore oil and gas exploration. Today, gas prices are too high and job creation is proceeding too slowly. Harnessing oil and gas from the Outer Continental Shelf Waters off the coast of our state has the potential to address these challenges, while simultaneously creating jobs, enhancing America's energy security and generating revenue for North Carolina from royalty sharing.

As you know, the decision regarding whether to permit offshore oil and gas exploration rests with the federal government. While the state plays no formal role in the decision, we must insist that North Carolina's interests are protected as the United States Department of the Interior considers authorizing oil and gas exploration in the waters off our coast. First, we must ensure that any exploration is done safely and in a manner that protects North Carolina's pristine coastal environment. Furthermore, if energy is produced off the coast of North Carolina, we must ensure that our citizens get the jobs that will be created and that our state receives its fair share of any royalties that will be generated.

Because the decision regarding authorization of oil and gas exploration off the coast of North Carolina rests with the federal government, I am engaged in ongoing communication with Secretary of the Interior Ken Salazar and other Administration officials about offshore energy issues. In addition, I am sending a letter to the members of North Carolina's congressional delegation requesting that they sponsor legislation in the U.S. House and U.S. Senate that protects North Carolina's interests in the event oil and gas exploration is authorized off of North Carolina's coast. Specifically, my letter urges them to introduce legislation that will ensure that North Carolina receives its fair share of revenues from oil and gas drilling. Without such legislation, there is no guarantee that North Carolina or any other coastal state will receive any revenues resulting from oil and gas drilling off our respective coasts. I hope that you will support the effort to assure passage of this legislation.


Additionally, as you know, I oppose Senate Bill 709 and have vetoed the measure. I urge you to resist efforts to override that veto. The bill, by instructing me to enter into a compact with the governors of Virginia and South Carolina, intrudes unconstitutionally on the responsibilities of the executive. Moreover, it intrudes in a way that could harm North Carolina's efforts to create jobs through oil and gas exploration -- and it does so without offering any clear advantage. North Carolina's interests do not necessarily align with those of Virginia and South Carolina. While Governor McDonnell, Governor Haley and I could likely agree that a certain percentage of royalties should be paid to the states, beyond that, our interests diverge. North Carolina will likely compete with other coastal states—including Virginia and South Carolina—for the jobs and other benefits that offshore oil and gas exploration promise. If and when it becomes clear that a compact is in our best interests, then we should join one. But that time has not yet arrived.

July 12, 2011

Page 3

We must remain committed to creating jobs, reducing energy prices and promoting America's energy independence. Senate Bill 709 is both unconstitutional and potentially detrimental to our state's interests. I look forward to working with you on strategies that will advance robust energy solutions and protect North Carolina.

Sincerely,



Beverly Eaves Perdue

cc: The Honorable Bob Rucho